

Return the Decision-Analysis Methodology to the POM Development
Process

Captain JP Bahr

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I. INTRODUCTION

"A vision without resources is a hallucination." This quotation is a favorite of General officers in the Pentagon; it means the best ideas are worthless if they cannot be funded.

The responsibility for finding the money to fund ideas, or programs, in the Marine Corps ultimately belongs to the Commandant of the Marine Corps (CMC).¹ The Deputy Commandant (DC) for Programs and Resources (P&R) has been delegated the responsibility of producing the Marine Corps' budget in the form of a Program Objective Memorandum (POM).² POM development is accomplished through the Planning, Programming, Budgeting and Execution (PPBE) system. PPBE is a deliberate and methodical process that has been used to allocate fiscal resources within the Department of Defense (DoD) for almost fifty years.³ PPBE contains milestones, events, and products that drive the process throughout the year, but each of the individual military services decides how to develop its own POM.

For over twenty-five years, the Marine Corps has utilized a standardized process to complete its POM. In 2006, however, that process was redesigned in a manner that has resulted in more

¹ U.S. Congress, *U.S. Code Title 10 - Armed Forces*, (Washington D.C.: U.S. House of Representatives, 2009), Sect 506.

² Commandant of the Marine Corps, *MCO P3121.1 Marine Corps Planning and Programming Manual*, (Washington D.C.: Headquarters Marine Corps, 1991), 3-4.

³ Jerry L McCaffery and L. R. Jones, "Reform of Program Budgeting in the Department of Defense," *International Public Management Review* 6 (2005): 141-145.

emotion-based resourcing decisions that reflect budget constraints more so than program performance, rewarding favored programs at the expense of core capabilities.

In the face of declining resources, Headquarters Marine Corps (HQMC) must institute a standardized decision-analysis methodology at the Program Evaluation Board (PEB) level to ensure proper and efficient allocation of financial resources across Title X functions.⁴ A decision-analysis based methodology will assist in ensuring that Marines are getting the best support the taxpayer's money can provide.

II. BACKGROUND

The Planning, Programming and Budgeting (PPB) process was instituted in the 1960s by the then-Secretary of Defense, Robert McNamara, as a means to allocate resources deemed necessary to accomplish the Departments missions.⁵ "The primary output of the process is the Department's [DoD's] funding proposal that is to be included within the President's Budget request to Congress each February; its ultimate objective is to provide the Combatant Commanders (COCOMs) with the optimal mix of forces, equipment, and support attainable within established fiscal

⁴ Title X is the US Code that outlines the respons.

⁵ Sharon G. Holcombe and Nathan C. Johnston, *Analysis of the PPBE Process in the Current Dynamic Political Environment*, (Monterey, CA: Naval Postgraduate School, 2008), 5.

constraints.”⁶ Having this common process is essential to producing a synchronized and focused product across all elements within the Department of Defense.

The PPBE Process in use today at DoD was first laid out in 2004 in Management Initiative Decision (MID) No. 913. MID 913 added execution to the process as a means to assess the prior year’s execution performance and determine how that may affect future year requests by extending Service POM’s into a biennial submission. This allowed an extra year to focus on program performance and execution assessment.⁷ The resulting approach under PPBE was to do a more thorough, but less frequent, analysis and matching of resources against requirements.

The PPBE process is divided into four distinct phases that concurrently operate: a planning phase; a programming phase; a budgeting phase, and an execution phase. The planning phase, a fifteen-year fiscally unconstrained outlook, determines the requirements for future national security-based threats. The programming phase is a six-year fiscally constrained outlook that allocates funding to meet future operational objectives based upon output of the planning phase. The budgeting phase focuses on the first two years of the Future Years Defense Plan

⁶ Paul P. Keehan, *Planning, Programming, Budgeting, and Execution (PPBE) Process*, (Fort Belvoir: Defense Acquisition University, 2008), B-25.

⁷ Secretary of Defense, *Management Initiative Decision 913*, (Washington D.C.: Department of Defense, 2003), 2.

(FYDP), and is the best representation of Service requirements.⁸ The execution phase, the final phase of the process, consists of spending appropriated funds and assessing program performance. The results of this assessment are supposed to feed back into next the programming phase by creating a more thorough and informed funding request that focuses on program performance, rather than budget constraints.⁹

III. MARINE CORPS PROGRAMMING PROCESS

A. Historical

The "old way of doing business" dates back to a 1977 Defense Advanced Research Projects Agency (DARPA) project with the Marine Corps. This project experimented with the usefulness of decision-analysis for POM development.¹⁰ The methodology was refined over time and eventually implemented on a full-scale basis.

The idea behind the implementation was to create a systematic and practical process, with strong procedural control over the convergence of professional military judgments in an effort to create a timely and flexible product that would deliver the greatest amount of benefit to the Marine Corps.¹¹

⁸ Future Years Defense Plan (FYDP) represents a six year allocation of DoD's fiscal resources and manning requirements.

⁹ Keehan 2008.

¹⁰ Kenneth Kuskey, Kathleen Waslov and Dennis Buede, *Decision-Analytic Support of the United States Marine Corps Program Development: A Guide to the Methodology*, Final Report, Decisions and Designs, Inc. (Washington D.C.: Commandant of the Marine Corps, 1981), 2.

¹¹ Kuskey, Waslov and Buede 1981, 3.

The requirement for such an analytic process comes from the core basis of the development process of "finding wisdom within a multitude of counselors."¹² As it still does today, the POM development process in 1977 relied on the specialized military judgment of subject matter experts across all major commands within the Marine Corps, including headquarters. However, unlike the current PM process, the experts in 1977 were divided into four working groups called Program Evaluation Groups (PEGs) that assessed the funding of each PEG's programs, and reviewed initiatives for the upcoming FYDP.

Upon review of the initiatives, the PEGs were responsible for making a recommendation of the perceived benefit-order of the initiatives to the Program Working Group (PWG).¹³ To arrive at the benefit order, each of the PEGs undertook a deliberative decision-analysis process that would result in a relative value being assigned to each of the initiatives. This process was completed so that when all of the PEGs' outputs were combined at the PWG, the members were able to make an "apples-to-oranges" comparison of unlike items.¹⁴

For example, the PEGs may have had the task of comparing a new tank turret to child day care facilities. Alone

¹² Kuskey, Waslov and Buede 1981, 2.

¹³ The PWG is a lieutenant colonel-level body of the PEGs primary representatives that was run by the Program Development Officer from P&R.

¹⁴ Commandant of the Marine Corps, *MCO P3121.1 Marine Corps Planning and Programming Manual*, (Washington D.C.: Headquarters Marine Corps, 1991), 3-14.

it is difficult to assess which might be more important in Marine Corps priorities, but the relative values of competing priorities provide a numerical means to evaluate the benefit received by resourcing one or the other. Without this reference point, the process becomes a testament of wills where the loudest voice in the room is successful.

Once the benefit integration was complete at the PWG, the cost of the initiatives would be revealed, and the benefit score would turn into a cost-benefit score. Reprioritizing the initiatives according to their cost benefit score would now create an "order-of-buy list." This list presented those initiatives that produced the highest benefit for the lowest cost, and such initiatives would receive funding before an initiative with lower benefit and/or higher cost.¹⁵

This was not an optimization problem solved by mathematical equations alone. Decision-analysis is a methodology that captures and compares the professional opinions of officers with recent operational experience, and results in a product that can then be vetted through the senior levels of DoD leadership.¹⁶ The methodology is just a means of collating those opinions and giving the initiatives numerical representation to efficiently allocate a limited number of dollars to the highest priorities, as established by the CMC.

¹⁵ Ibid.

¹⁶ Ibid.

B. Current

Headquarters Marine Corps followed the deliberative decision-analysis process from 1980 until 2006, when it was redesigned. The redesign resulted in several significant changes. First, the number of PEGs (renamed Program Evaluation Boards (PEBs)) was expanded from four to seven. This was done to resemble Title X functions and the membership of the Marine Requirements Oversight Counsel (MROC), a decision making board made up of three star Generals who present recommendations to the CMC. Second, the decision-analysis process was removed from the PEBs.¹⁷ Third, the process was adapted so that PEBs controlled their own piece of budget authority and made recommendations on how to best allocate those resources. A final change was that PWG would no longer presented a solution set; they would instead prepare several courses of action (COAs) to be presented to the MROC for decision.¹⁸

The decision to delegate the programming authority of fiscal resources to the newly formed PEBs was significant. These bodies would not only be ranking program benefit anymore, but would also have to consider cost and present a balanced portfolio of programs. The idea behind this was to drive top-

¹⁷ During Program Review for fiscal year 2011, P&R has utilized decision analysis at the Program Working Group.

¹⁸ Programs and Resources, Headquarters Marine Corps, *Planning Order for Program Objective Memorandum, Fiscal Years 2008-2013*, (Washington D.C.: Department of the Navy, 2006), 1.

down planning. The PEBs would require guidance on their commander's priorities, and then they would make financial resource trade-offs to fund those programs.

While the changes to the decision-analysis process seem positive, unforeseen consequences have resulted from the redesign. Fortunately, none have risen to a level that would put significant amounts of financial resources at risk. However, what has resulted is P&R's decreased level of awareness on program performance and an inconsistent approach on resourcing strategies. These impacts are beginning to be felt today and need to be corrected if the Marine Corps is going to strive for efficient and effective allocation of resources, maintain its financial excellence credibility, and adequately defend its resources to Congress.

C. Impacts

To begin, specializing the PEBs and forcing fiscal realities on to the requirement generators has been a success for the redesign. PEBs are now reviewing programs with similar capabilities and are beginning to understand that in order to get one item, another must be given up.

Unfortunately, the redesign has had negative impacts as well. Foremost, the removal of the decision-analysis process from the PEBs has created stove-piped funding which results in imprecise methodologies for "getting it to all add up." Prior to

the process redesign, program initiatives that received funding were measured as having the highest cost-benefit ratio to the Marine Corps. Post redesign, P&R is now seeing negotiations and inefficient resourcing decisions that have resulted in more of a focus on budget constraints than on program benefit/performance—in opposition to the intent of MID 913.

The stove-piped funding ceilings result from the allocation of fiscal resources, or Total Obligation Authority (TOA), to each of the PEBs. PEB TOA equates to the total value of the programs assigned to their PEB. From the redesign, PEBs are now required to make a recommendation on funding requirements within their TOA constraint. To exacerbate the problem, the PEBs have subdivided further into functional sub-groups for management purposes, and have allocated the TOAs to each of these sub-groups. As each sub-group experiences new requirements and tighter financial constraints, it becomes unable to resource the programs appropriately for which it oversees. However, there is still pressure to “do something”; this pressure, more often than not, results in poor and inconsistent funding strategies for programs and/or the taking of financial resources from less pronounced programs. Some of these poor strategies are mitigated through adjudication at the PEB level. For the most part, however, P&R is witnessing a proliferation of poor financial resourcing decisions throughout the Marine Corps. Unfortunately,

these poor decisions will not become readily apparent until overall budget resources begin to decline, as they have been projected to do within the current FYDP.¹⁹

In recent cycles, the PWG has begun to implement the decision-analysis process back into deliberations. The results of doing so have been beneficial from an exercise standpoint, but do nothing to address the issues discussed thus far. Since the decision-analysis process is taking place at a time when all the fiscal resources have been allocated, the process is only producing a prioritized list of unfunded initiatives that will go nowhere unless the Marine Corps TOA is increased. The timing of the process ignores the decisions that have already been made within the PEBs.²⁰ Therefore, if the PEB decisions are not validated, then poor resourcing decisions may be allowed to flourish.

The processes that have resulted from the redesign can be likened to a dangerous game of Russian roulette, and unfortunately we are nearing a time when the results of these actions will become apparent within the operating forces. If the process is allowed to continue as is, it is likely that new development and procurement will cease, while available

¹⁹ Steven M. Kosiak, "CSBAOnline," *Center for Strategic and Budgetary Assessments*, 2008 31-Mar, http://www.csbaonline.org/4Publications/PubLibrary/U.20080331.FY_09_Request_in_T/U.20080331.FY_09_Request_in_T.pdf (accessed 2009 йил 30-Nov).

²⁰ While P&R is represented at each of the PEBs, they do not have decision-making authority at that point in the process.

resources shift to sustaining the equipment we are currently utilizing.

IV. SOLUTION

During the last two POMs, HQMC P&R has utilized decision-analysis methodology at the PWG, but it has failed to mitigate the impacts of poor resourcing decisions. To address the problems that currently exist, a standardized decision-analysis process must be reinstituted at the PEBs.

Reintroducing the PEBs to decision-analysis will force the PEBs to utilize a standardized process from which to base their resource decisions, resulting in more consistent funding strategies for programs. Standardizing the approach has multiple benefits. First, it means that all programs will receive consistent judging criteria within each of the PEBs, similar to the approach utilized in the Expeditionary Force Development System (EFDS).²¹ Second, because the process is standardized across the PEBs, it will allow the PEB outputs to be compared to one another. This can be useful when the PWG is developing COAs for balancing the program in development.

Another beneficial byproduct of utilizing this methodology is that its deliberations are recorded to create a record. The process required to create that record brings forward all of the

²¹ The Marine Corps Combat Development and Integration (CD&I) uses EFDS to develop future warfighting capabilities to meet national security objectives. EFDS is a deliberate, four-phased process that is executed cyclically and is synchronized with PPBE process.

funding justifications. This open deliberation will go a long way toward eliminating the ease in which favored programs that do not provide great overall benefit are funded.

The largest and most significant benefit is the methodology itself. The actual process of deliberation results in open discussion among a wide range of experienced officers with different disciplines. Through this discussion, funding justifications are given and opinions are quantified. The result of this open process is a balanced POM portfolio across a wide range of diverse requirements that provides an efficient allocation of financial resources for the individual Marines and institutions that support them.

V. CONCLUSION

By reinstituting the decision-analysis process back into the PEBs, the Marine Corps will be able to focus on creating an "optimal" program portfolio that delivers benefits across a wide range of needs and years. The process will further the requirement for funding justifications and provide an incentive to only resource initiatives and programs that provide the greatest amount of benefit to the Marine Corps. The process will also assist in ending the poor financial resourcing practices that have proliferated throughout the Marine Corps' budget.

The Marine Corps is in a time of no-growth budgets, with the projection of decline in the near future. Now more than

before, the Marine Corps should reflect on the meaning behind the saying that "a vision without resources is a hallucination." To ensure the Marine Corps' best ideas are funded and adequately sustained while it faces declining resources, it must reinstitute the decision-analysis process back into the PEBs. Forcing the PEBs into a disciplined methodology will result in a standardized, professional climate that will help maintain the Marine Corps' reputation for financial excellence, as well as provide the best possible support for the individual Marine.

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